

Missouri Statewide Health Information Exchange

Finance Workgroup

February 10, 2010
1:30 – 3:30 pm CT
Jefferson City, MO



Agenda

Topic	Facilitator(s)	Time
Welcome, Introductions & Meeting Objectives	Co-Chairs	1:30 – 1:40 pm
Meeting Recap & MO-HITECH HIE Draft Strategic Plan	Co-Chairs & Manatt	1:40 – 1:50 pm
Financing Model Update	Subcommittee Members & Manatt	1:50 – 2:20 pm
Project Budget Review & Discussion	Co-Chairs & Manatt	2:20 – 3:00 pm
Segue into Operational Planning & Workgroup Dependencies	Co-Chairs & Manatt	3:00 – 3:15 pm
Next Steps	Co-Chairs & Manatt	3:15 – 3:30 pm

Governor Nixon's Vision – Six Objectives

- 1. Improve the quality of medical decision-making and the coordination of care;**
- 2. Provide accountability in safeguarding the privacy and security of medical information;**
- 3. Reduce preventable medical errors and avoid duplication of treatment;**
- 4. Improve the public health;**
- 5. Enhance the affordability and value of health care; and**
- 6. Empower Missourians to take a more active role in their own health care.**

Thank you for partnering with the state in taking critical first steps in building a new framework for health information technology in Missouri

Meeting Objectives

- **Review updated draft HIE Strategic Plan**
- **Segue into Operational Planning and understand overlapping issues other Workgroups**
- **Status check and update on financing model approach and data collection**
- **Review and discuss draft project budget**

Meeting Recap

➤ Content Reviewed

- Meaningful Use discussion
- MO-HITECH Draft Strategic Plan
- Financing model approach

➤ “Consensus” Recommendations

- The Finance Workgroup is dependent on the progress and decisions of the other Workgroups
- Value-added services will be addressed after core infrastructure services
 - Streamlined reporting may be a value-added service for physicians
- Physicians may be wary of payer access to health information
 - Data that may be made available has yet to be defined

MO-HITECH Draft HIE Strategic Plan

- **MO-HITECH Advisory Board reviewed Strategic Plan during January 21st meeting**
- **Finance section of draft Strategic Plan remained largely unchanged**
 - Removed reference to “taxes” as a potential revenue source
- **Review updated Strategic Plan -**
<http://dss.mo.gov/hie/action/index.shtml>
 - Send feedback to kwallis@manatt.com
 - Deadline for comments: Tuesday, February 16th

Segue into Operational Planning

- **Segue into Operational Planning to address**
 - Individual workgroup work plans and budgets
 - Updated project budget based on workgroup decisions
 - Technical model
 - Statewide services
 - Statewide HIO structure and support needs
 - Prioritization of services and activities against available funding
- **Develop project work plan, milestones, and associated budget**
 - Develop strategy to address up-front financing and sustainability
 - Complete all-in cost model for statewide HIE
- **Strategic Plan will be updated as appropriate to incorporate decisions from Operational Planning process**

Workgroup Dependencies

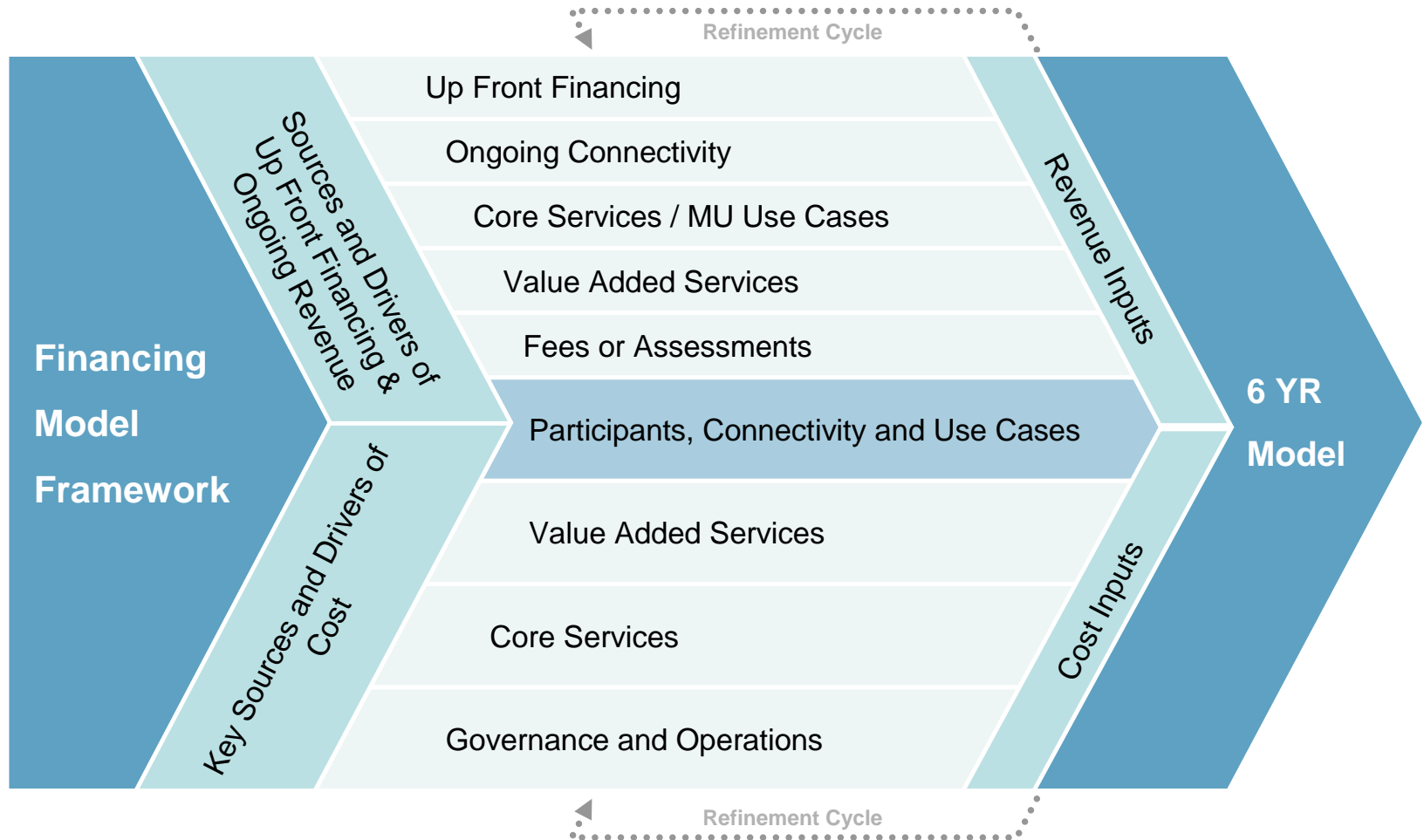
Issue(s)	Workgroup(s)
➤ Roles of the Statewide HIO	➤ Governance
➤ Statewide HIO staffing and contractor requirements	➤ Governance
➤ Statewide HIO technical approach <ul style="list-style-type: none"> • Technical model • Will an EHR lite be offered? 	➤ Technical Infrastructure ➤ Business & Technical Operations
➤ Core infrastructure <ul style="list-style-type: none"> • Requirements of the core system and associated services (e.g. MPI, authentication, data normalization, etc.) • Hardware or hosting fees • Public or private network required to cover the entire state • Implementation resources to support deployment, testing, and training 	➤ Technical Infrastructure
➤ HIE services <ul style="list-style-type: none"> • Prioritized HIE services required to meet meaningful use • Value-added HIE services (e.g. public health reporting, de-identified data for research) 	➤ Technical Infrastructure ➤ Business & Technical Operations
➤ Technology operations costs <ul style="list-style-type: none"> • Will a data center be required? 	➤ Technical Infrastructure ➤ Business & Technical Operations
➤ Sources of Upfront Financing <ul style="list-style-type: none"> • State HIE Cooperative Agreement Grant • State appropriations • Other 	➤ Grant applicants ➤ State

Project Milestones & Timelines

Operational Planning

Week	Key Topics & Discussions
2/10	<ul style="list-style-type: none"> ➤ Review updated Strategic Plan ➤ Environment data collection update ➤ Review project budget
2/24	<ul style="list-style-type: none"> ➤ Finalize Strategic Plan for submission to ONC ➤ Environment data collection update and gap identification ➤ Update from Governance and Technical Infrastructure Workgroups
3/10	<ul style="list-style-type: none"> ➤ Review initial cost and revenue models ➤ Review draft outline/content for Operational Plan
3/24	<ul style="list-style-type: none"> ➤ Review updated cost and revenue models ➤ Develop draft budget and work plan for financing and sustainability strategy
4/7	<ul style="list-style-type: none"> ➤ Review and update work plan and budget ➤ Update from other workgroups re: budget expectations
4/21	<ul style="list-style-type: none"> ➤ Review and comment on draft Operational Plan ➤ Harmonize model with Strategic and Operational Plan drafts
5/5	<ul style="list-style-type: none"> ➤ Review updated draft Operational Plan ➤ Review updated work plan and budget ➤ Harmonize model with Strategic and Operational Plan drafts
5/19	<ul style="list-style-type: none"> ➤ Finalize Operational Plan for submission to ONC ➤ Determine continuing activities beyond planning efforts

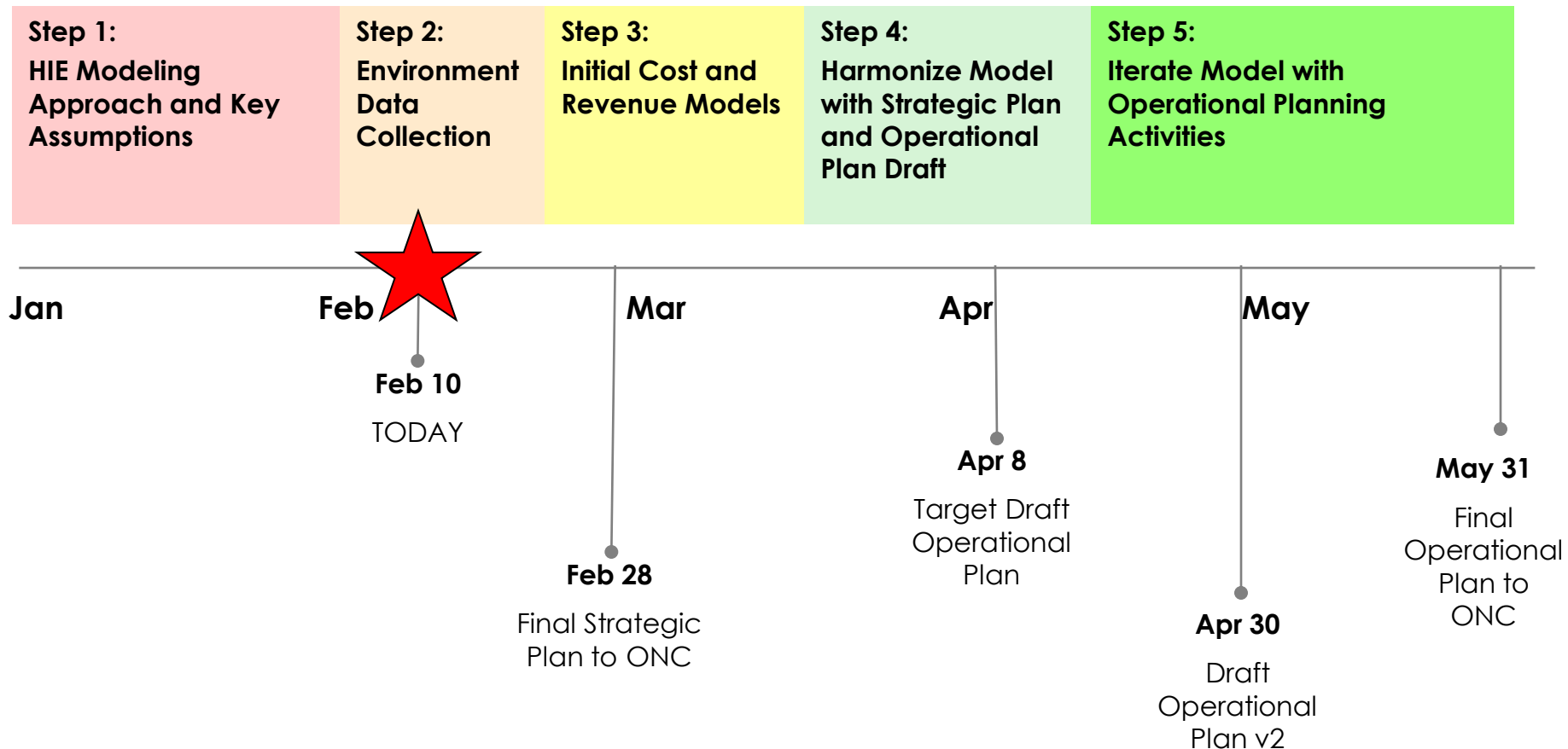
Financing Model Approach



HIE Model Approach Steps

Step 1: HIE Modeling Approach and Key Assumptions	Review HIE modeling approach, key assumptions and drivers with finance workgroup and modeling sub committee. Update key assumptions and drivers as required to customize the model for Missouri.
Step 2: Environment Data Collection	Collect relevant environment data necessary for the calculations of cost and revenue. Data includes: providers, payers, population, border states, existing HIOs, etc.
Step 3: Initial Cost and Revenue Models	Develop initial draft of overall costs and revenue for the state based on environmental data and high-level assumptions.
Step 4: Harmonize Model with Strategic Plan and Operational Plan Draft	Harmonizes the assumptions with the strategic plan and initial draft of the operational plan. Perform additional data collection as required to produce a second draft of the model.
Step 5: Iterate Model with Operational Planning Activities	Continue to iterate versions of the model to incorporate operational planning activities, assumptions and decisions. This step will ultimately lead to a final version of the model.

HIE Model Timeline



Environment Data Collection – Current Status

Category	Statistic(s)	Source(s)	Complete
General Information	<ul style="list-style-type: none"> ➤ Residents ➤ Medicaid Enrollment ➤ Medicaid status ➤ Public health departments ➤ Other state agencies ➤ Border States 	<ul style="list-style-type: none"> ➤ Kaiser Family Foundation ➤ Census Data ➤ MO HealthNet ➤ MO DHSS 	<i>In progress</i>
Physicians	<ul style="list-style-type: none"> ➤ Primary care physicians ➤ % PCP practicing ➤ Nurse practitioners ➤ Physician assistants ➤ % eligible professional (EPs) for Medicaid and Medicare incentives ➤ EHR adoption among small, medium, large practices 	<ul style="list-style-type: none"> ➤ Kaiser Family Foundation ➤ Missouri Primary Care Association ➤ Missouri State Medical Association ➤ Department of Insurance ➤ MU RC survey 	<i>In progress</i>
Hospitals	<ul style="list-style-type: none"> ➤ Total hospitals ➤ State/local government owned hospitals ➤ Not-profit hospitals ➤ For-profit hospitals ➤ EHR adoption among small, medium, and large hospitals ➤ Large hospital system demographics 	<ul style="list-style-type: none"> ➤ Missouri Hospital Association 	<i>In progress</i>

Environment Data Collection – Current Status

Category	Statistic(s)	Source(s)	Complete
Federally Qualified Health Centers (FQHCs)	<ul style="list-style-type: none"> ➤ Total FQHCs ➤ Size breakdown (small, medium, and large) ➤ EHR adoption among small, medium, and large practices 	<ul style="list-style-type: none"> ➤ Missouri Primary Care Association 	<i>In progress</i>
Rural Health Clinics (RHCs)	<ul style="list-style-type: none"> ➤ Total RHCs ➤ Size breakdown (small, medium, and large) ➤ EHR adoption among small, medium, and large practices 	<ul style="list-style-type: none"> ➤ Missouri Association of Rural Health Clinics 	<i>In progress</i>
Payers	<ul style="list-style-type: none"> ➤ Total <ul style="list-style-type: none"> • Self-insured • Employer-based • Medicare • Medicaid/S-CHIP • Uninsured/Charity care • Cash ➤ Claims (by payer) ➤ Associated PBMs (by payer) ➤ Surescripts connectivity (by payer) 	<ul style="list-style-type: none"> ➤ Payers ➤ Department of Insurance ➤ MO HealthNet ➤ Surescripts 	<i>In progress</i>

Environment Data Collection – Current Status

Category	Statistic(s)	Source(s)	Complete
Pharmacies	<ul style="list-style-type: none"> ➤ Total pharmacies ➤ Chain v. independent pharmacies ➤ Surescripts connectivity ➤ Pharmacy benefit managers 	<ul style="list-style-type: none"> ➤ MO HealthNet 	<i>In progress</i>
Labs	<ul style="list-style-type: none"> ➤ Total labs ➤ Hospital-based labs ➤ Independent labs ➤ Labs affiliated with large chains 	<ul style="list-style-type: none"> ➤ MO HealthNet 	<i>In progress</i>
Radiology Centers	<ul style="list-style-type: none"> ➤ Total radiology centers ➤ Hospital-based centers ➤ Independent centers 	<ul style="list-style-type: none"> ➤ MO HealthNet 	<i>In progress</i>
Regional HIOs	<ul style="list-style-type: none"> ➤ Demographic data ➤ Technology model ➤ Business/sustainability model ➤ Complexity of connectivity 	<ul style="list-style-type: none"> ➤ MO-HITECH Draft Strategic Plan ➤ TBD 	
Border States	<ul style="list-style-type: none"> ➤ Medical trading areas ➤ Expected complexity ➤ Data/services to coordinate 	<ul style="list-style-type: none"> ➤ TBD 	

State HIE Cooperative Agreement – Project Budget Matching Considerations

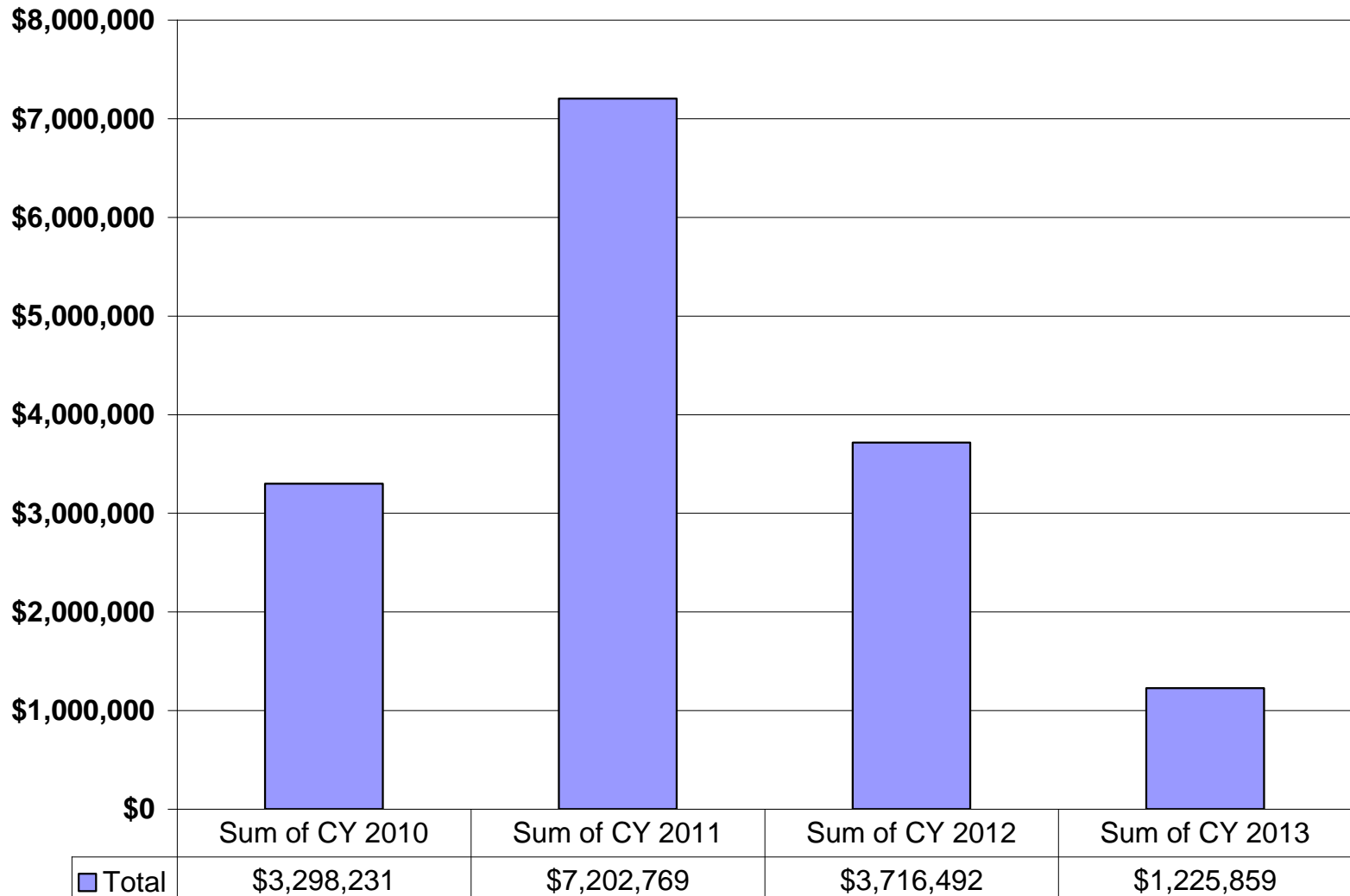
- **\$564 Million Total funding from ONC in cooperative agreements – *non competitive***
- **\$4 - \$40M per State – \$13.7M allocated to *Missouri***

State Matching Requirements Begin in FY 2011

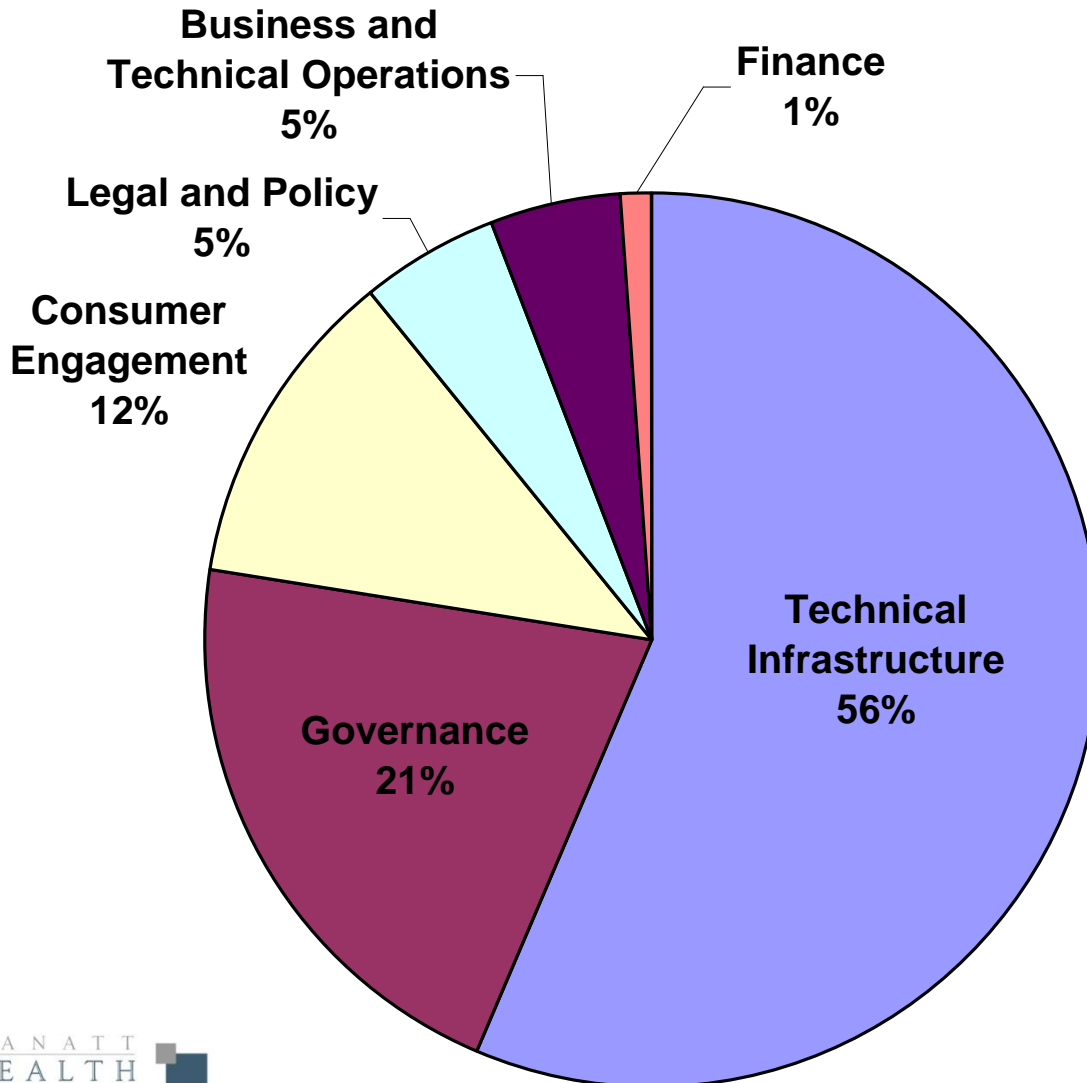
Four Year agreements with states or State Designated Entities (SDEs)

Fiscal Year	Match Required
2010	None
2011	\$1 for each \$10 federal dollars
2012	\$1 for each \$7 federal dollars
2013	\$1 for each \$3 federal dollars

DRAFT Project Budget – Spending by Year



DRAFT Project Budget Breakdown



Federal Ask:	\$13,765,040
Non-Federal Cash:	<u>\$1,678,310</u>
Total:	\$15,443,350

Draft Project Budget – Governance

Description	2010	2011	2012	2013	TOTAL PROJECT
MO-HITECH Staff	\$455,443	\$463,429	\$463,429	\$463,429	\$1,845,730
Operational Plan Development	\$300,000				\$300,000
Office Operations	\$60,000	\$60,000	\$60,000	\$60,000	\$240,000
Governance Consultant	\$60,000	\$50,000	\$50,000	\$0	\$160,000
HIE PPP Board Consultant	\$18,750	\$70,000	\$70,000		\$158,750
Supplies	\$84,378	\$23,128	\$23,128	\$23,128	\$153,762
Professional Meetings and Activities	\$42,955	\$42,955	\$32,569	\$22,000	\$140,479
HIE PPP Board Travel	\$10,739	\$42,955	\$32,569	\$22,000	\$108,263
Insurance	\$7,500	\$30,000	\$30,000	\$30,000	\$97,500
Advisory Board Consultant	\$56,250				\$56,250
Advisory Board Travel	\$32,216				\$32,216
Grand Total	\$1,128,231	\$782,467	\$761,695	\$620,557	\$3,292,950

Draft Project Budget – Consumer Engagement

Description	2010	2011	2012	2013	TOTAL PROJECT
Consumer Engagement Communications	\$375,000	\$325,000	\$325,000	\$325,000	\$1,350,000
MO-HITECH Staff - Communications Director	\$65,000	\$65,000	\$65,000	\$65,000	\$260,000
Consumer Engagement Consultant	\$60,000	\$50,000	\$50,000	\$0	\$160,000
Supplies	\$7,000	\$7,000	\$7,000	\$7,000	\$28,000
Grand Total	\$507,000	\$447,000	\$447,000	\$397,000	\$1,798,000

Draft Project Budget – Technical Infrastructure

Description	2010	2011	2012	2013	TOTAL PROJECT
Implementation Contract	\$1,000,000	\$5,250,000	\$1,949,495	\$0	\$8,199,495
Implementation Manager - Consultant	\$100,000	\$100,000	\$100,000		\$300,000
Consultant	\$60,000	\$50,000	\$50,000	\$0	\$160,000
Supplies	\$7,000	\$7,000	\$7,000	\$7,000	\$28,000
Grand Total	\$1,167,000	\$5,407,000	\$2,106,495	\$7,000	\$8,687,495

Draft Project Budget – Business and Technical Operations

Description	2010	2011	2012	2013	TOTAL PROJECT
Training Materials		\$120,302	\$120,302	\$120,302	\$360,906
Evaluation	\$70,000	\$50,000	\$50,000	\$0	\$170,000
Operations Consultant	\$60,000	\$50,000	\$50,000	\$0	\$160,000
Supplies	\$7,000	\$7,000	\$7,000	\$7,000	\$28,000
Grand Total	\$137,000	\$227,302	\$227,302	\$127,302	\$718,906

Draft Project Budget – Legal and Policy

Description	2010	2011	2012	2013	TOTAL PROJECT
Contracted Legal Counsel	\$225,000	\$225,000	\$60,000	\$60,000	\$570,000
Legal Consultant	\$60,000	\$50,000	\$50,000	\$0	\$160,000
Supplies	\$7,000	\$7,000	\$7,000	\$7,000	\$28,000
Grand Total	\$292,000	\$282,000	\$117,000	\$67,000	\$758,000

Draft Project Budget – Finance

Description	2010	2011	2012	2013	TOTAL PROJECT
Finance Consultant	\$60,000	\$50,000	\$50,000	\$0	\$160,000
Supplies	\$7,000	\$7,000	\$7,000	\$7,000	\$28,000
Grand Total	\$67,000	\$57,000	\$57,000	\$7,000	\$188,000

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Next Steps

- **Review updated Strategic Plan -**
<http://dss.mo.gov/hie/action/index.shtml>
 - Send feedback to kwallis@manatt.com
- **Assist with environment data collection**
 - Send data (incl. source information) to kwallis@manatt.com

Next Meeting: Wednesday, February 24th

1:30 – 3:30 pm

Jefferson City, MO